



FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

JAN 12 2004

**Ms. Ann George
LifeCare Management Services, LLC
C/o William J. Farah, Esq.
Oldaker, Biden & Belair, LLP
818 Connecticut Avenue, N.W.
Washington, D.C. 20006**

RE: MUR 5398

Dear Ms. George:

On December 19, 2003, the Federal Election Commission found that there is reason to believe that you violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred

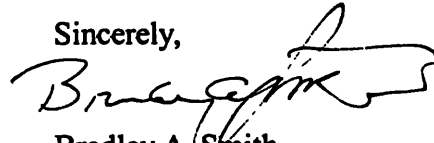
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Kathleen Dutt, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Bradley A. Smith
Chairman

Enclosures
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Ann George

MUR: 5398

I. INTRODUCTION

LifeCare is a corporation whose sole purpose is to act as a holding company for its subsidiary, LMS. LMS is a limited liability company (LLC) that was established in the state of Louisiana with LifeCare as its sole member. LifeCare and LMS go beyond having close ties with one another—they are essentially alter egos of one another. LifeCare and LMS share corporate offices and each executive officer of LMS holds the same title in LifeCare, although the position within LifeCare carries no added responsibilities or additional compensation. Further, LifeCare has no cash flow of its own, and conducts none of its own operations. Ann George was an employee of LMS during the time period relevant to this matter.¹

Information obtained by the Commission in the course of its supervisory responsibilities indicates that: (1) former LMS Chief Executive Officer and President, David LeBlanc, had full discretionary authority to award non-annual bonuses which were not subject to any formal review process; (2) there is an unusually close correlation between political contributions made by LMS employees and bonus and expense payments paid out to those employees by LMS from 1997 to 2002; (3) Mr. LeBlanc reportedly had an agreement with former LMS Vice President for Government Relations, Donald Boucher, to increase Mr. Boucher's salary in the amount

¹ LifeCare was co-founded by David LeBlanc and Ann George in 1992. Mr. LeBlanc served as CEO and President of both LMS and LifeCare and Ms. George as an employee. Ms. George is currently on medical leave from LMS.

1 necessary to pay for political contributions made by Mr. Boucher; and (4) Mr. Boucher
2 encouraged at least one LMS executive to make certain political contributions and told the
3 executive that the money would be repaid to him—the executive subsequently made
4 contributions which, according to the executive, were reimbursed by LMS.

5 II. FACTUAL AND LEGAL ANALYSIS

6 Ann George is an employee of LMS and made political contributions which closely
7 correlated in time and amount with bonus payments, salary adjustments, or expense payments
8 from LMS. The amounts of Ms. George's political contributions totaled \$3,500. Because of the
9 close correlation in time and amount between these contributions and certain payments to Ms.
10 George by LMS, it is likely that she was reimbursed for one or more political contributions.
11 Therefore, the Commission finds reason to believe that Ann George violated 2 U.S.C. §§ 441a(b)
12 and 441f.² However, based on the information available at this time, there is no indication that
13 Ms. George knew that such activity was impermissible under the Act; therefore the Commission
14 did not find that the violations by Ms. George were knowing and willful.

² All of the facts relevant to these matters occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, unless specifically noted to the contrary, all citations to the Act or statements of law regarding provisions of the Act contained in this report refer to the Act as it existed prior to the effective date of BCRA. Similarly, all citations to the Commission's regulations or statements of law regarding any specific regulation contained in this report refer to the 2002 edition of Title 11, Code of Federal Regulations, published prior to the Commission's promulgation of any regulations under BCRA.